Newmont Mining Corporation
Annual Report 1973

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Comparative Financial Highlights

	1973	1972
Income before extraordinary items	$103,376,000	$ 48,078,000
Extraordinary items of affiliated companies, less applicable income taxes	—	(3,299,000)
NET INCOME	$103,376,000	$ 44,779,000
Per share amounts (based on the average number of shares of common stock outstanding and after preferred stock dividend requirements):		
Income before extraordinary items	$4.15	$1.86
Extraordinary items of affiliated companies, less applicable income taxes	—	(0.14)
Net income	$4.15	$1.72
Cash dividends paid:		
Preferred stock	$ 3,181,000	$ 3,189,000
Common stock	$ 27,289,000	$ 25,089,000
Per share	$1.13	$1.04
Expenditures for property, plant and capitalized mine development costs	$ 45,456,000	$ 44,104,000
Expenditures for exploration, research and engineering	$ 19,500,000	$ 12,300,000
NET CURRENT ASSETS	$113,771,000	$ 84,821,000

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ON THE COVER is a magnified 2″ x 3″ cross section of a continuous-cast copper bar as it appears prior to entering the rod mill of Magma Copper Company at San Manuel, Arizona, to be rolled into the 5/16-inch rod that makes up over 50 per cent of Magma's current production.

To the Stockholders:

Newmont Mining Corporation's net income for 1973 was $103,376,000, substantially exceeding both the 1972 net income of $44,779,000 and the previous record high net income of $80,214,000 set in 1970. After provision for preferred stock dividends, the 1973 net income was equivalent to $4.15 per share of common stock, compared with $1.72 in 1972 and the previous record high of $3.21 in 1970. Newmont's net income continued to be dominated by earnings from its interests in North America, which accounted for 77 per cent of its net in 1973 and 76 per cent in 1972.

The Corporation's directors on October 25th voted to increase the regular quarterly dividend paid on the common stock from $0.26 to $0.35 per share. Dividends in 1973 totaled $1.13 per share, compared with $1.04 in 1972. Preferred stock dividends were unchanged at $4.50 per share.

Although the increase in Newmont's net income resulted principally from improved metal prices, a significant additional factor was increased production and sales of several Newmont subsidiaries including Granduc, Similkameen, and the mines of Magma Copper Company. The major expansion program begun at the Superior Division of Magma in 1969 was completed in August, 1973, and production there, as of the second quarter of 1974, was approaching the planned capacity of 3,300 tons of ore daily.

Exploration and Acquisition

The continuing worldwide search for new ore deposits by Newmont and its affiliates was highlighted in 1973 by the announcement of the discovery of a large zinc sulfide deposit at Gamsberg, about 80 miles east of O'okiep in Namaqualand, South Africa. Newmont and O'okiep Copper Company participate equally in this exploration project. While at this time tonnage and grade figures can be only roughly estimated, at least 93,500,000 tons of sulfide ore assaying 7.4 per cent zinc and 0.55 per cent lead have so far been indicated. Drilling continues in the attempt to expand and delineate the mineralized areas and their metal content. The deposit will require underground mining for extraction of the ore, and will probably involve an electrolytic refinery.

Exploration during the year also led to the discovery of gold ore in several closely-grouped deposits in the Great Sandy Desert of Western Australia. The gold reefs tested so far are quite narrow, and very large mineable tonnages are not presently geologically indicated. However, an indicated shallow ore reserve of about 2,200,000 tons of 0.42 ounces of gold per ton in one of the deposits promises the possibility of at least a small-sized operation based on open pit mining. Exploration in the areas of the other deposits is continuing.

In June, 1973, Newmont acquired for $38,500,000 the 50 per cent interest in Atlantic Cement Company, Inc., which had been held by Cerro Corporation. The purchase gives Newmont 100 per cent ownership of Atlantic, a leading U.S. cement producer.

A proposal of February 23, 1973, for the merger of Foote Mineral Company into Newmont was withdrawn on May 7th

because of unfavorable stock market conditions. Newmont continues to own 32.8 per cent of Foote's outstanding common stock.

Meeting the Environmental Challenge

During 1973, environmental problems continued to influence mining operations throughout the United States and overseas. At Magma's San Manuel mine, work is nearing completion on an acid plant for conversion of sulfur dioxide in the smelter's converter gas to sulfuric acid. The acid plant and related systems are expected to remove sufficient of the smelter's sulfur dioxide and particulate emissions to bring Magma into compliance with the governing pollution control requirements. Magma's ambient air monitoring and weather forecasting system operated during the year on a pilot basis. This network, which is one of the most advanced and reliable in use anywhere, will be integrated with the smelter's operation as a supplemental intermittent control system to avoid exceeding the permissible ambient concentrations of sulfur dioxide.

Newmont continues its participation in the activities of the Smelter Control Research Association, which in 1973 concluded an extensive pilot plant test of the use of wet limestone scrubbing as a means of removing sulfur dioxide from reverberatory furnace gases. In 1974, a second SCRA pilot plant will be constructed at the San Manuel smelter of Magma Copper Company to test soluble systems of sulfur removal from reverberatory gases, which are believed to be preferable to wet limestone scrubbing systems.

In Africa, planning is underway on a pollution control system at the Tsumeb and O'okiep smelters. This is being done in conformance with the forthcoming introduction of government regulations on sulfur dioxide emissions.

Reduction in Debt

During 1973, the Corporation reduced its consolidated long-term debt from $256,639,000 to $231,341,000. This was accomplished by making scheduled payments of $19,506,000 and prepayments of $26,492,000. However, there was added in 1973, $20,700,000 of new debt to finance the Magma pollution control facilities and the enlarged terminal facilities of Atlantic Cement in Florida. Also in 1973, Newmont made a second reduction in the limit on the available bank revolving credit from $100,000,000 to the present $80,000,000. Of this credit, $48,000,000 had been drawn down by the Company at December 31, 1973.

Personnel

In March, 1973, Peter J. Crescenzo, formerly assistant chief engineer, was appointed Newmont's chief engineer following the retirement of Eugene H. Tucker. In December, David J. Christie, Newmont's chief metallurgical engineer, was elected vice president, metallurgical operations.

With deep regret, we record the death on September 8th of Marcus D. Banghart, a long-time employee of Newmont as manager of mines, who retired as executive vice president in 1968 and as a director in May, 1971.

We also report with sorrow the death on March 7, 1974, of Lewis W. Douglas, a director of Newmont since 1953. He brought to the Company a background of service in business and public life, including the post of United States Ambassador to the Court of St. James, in the late 1940's, and his advice and genial presence will be sorely missed.

Outlook for 1974

Several projects are under consideration or were approved during 1973.

At Similkameen, the grinding and flotation sections of the concentrator are being expanded by 50 per cent to enable milling an additional 7,000 tons daily of a lower than average grade of ore that will add about 5,500 tons of copper in concentrates to Similkameen's annual output.

At Tsumeb, consideration is being given to expanding the copper smelter to allow smelting substantial additional tonnages of copper concentrates provided by others. The capacity of the smelter would be increased to about 79,000 short tons of blister copper annually from about 40,000 short tons.

Engineering design work is proceeding on an electrolytic copper refinery under consideration for a site yet to be selected in southern Africa. A joint project of O'okiep and Tsumeb, this refinery would have an initial capacity of about 140,000 metric tons of cathode copper annually with all of the copper coming from the O'okiep and Tsumeb smelters, which will be treating appreciable tonnages of custom copper concentrates as well as their own.

A part of the stimulus to the Tsumeb smelter expansion and the planning for a refinery has been the high rate of inflation in the charges of custom smelters and refiners in Europe and Japan, which make the new facilities planned in Africa competitive.

Steps have been taken by two of Newmont's major users of fuels, Magma and Atlantic Cement, to enable utilization of alternative fuels to maintain operations if normal supplies are interrupted. On a longer-range basis, the acquisition of coal properties is being studied.

In the face of sometimes ill-defined but nonetheless potentially serious economic and political problems, the directors' confidence in Newmont's capability to meet the challenges of the future is based in large part on their awareness of the competence and loyalty of the staff and all the employees of Newmont and its subsidiaries.

For the Board of Directors

P. Malozemoff

P. Malozemoff
President and
Chairman of the Board

March 29, 1974

Interests in North America

As an international mining company since its formation in 1921, Newmont Mining Corporation has sought, now operates, and continues to look for, mineral properties in many parts of the world. As a result, Newmont has won a significant rank in the world's mining industry. For example, the copper produced by Newmont's wholly-owned subsidiaries, plus the copper represented by Newmont's equity share of partially-owned companies, reached a total of 293,000 tons in 1973, ranking the Company as the fifth largest copper miner in the world.

The importance of North America as a rewarding and solid basis for Newmont's operations and interests has long been recognized by the board of directors and management. The proportion of its net income derived from North America was 77 per cent in 1973 and 76 per cent in 1972.

Newmont's production of copper has been profitable and constitutes the source of most of the Corporation's income, but Newmont continues to look for other metals, as well as nonmetallic minerals, oil and coal. The North American operations in which Newmont has an interest already produce copper, molybdenum, gold, oil, natural gas, lead, zinc, silver, rhenium, uranium, nickel, cobalt, fertilizers, cement, asbestos, manganese, lithium, vanadium, and silicon.

Newmont's interests in North America appear on the following pages under separate listings of metal and nonmetallic mineral operations.

Metal Producers

Magma Copper Company (100% owned)
Arizona

	1973	1972
Copper produced, short tons	158,300	149,500
Copper sold, short tons	166,800	147,000
Sales	$219,190,000	$165,628,000
Net income	$ 43,261,000	$ 25,884,000
Dividends received by Newmont	$ 22,500,000	None
Long-term debt less current installments	$ 61,500,000	$ 62,935,000

Magma's expansion program was completed at Superior, Arizona, during 1973, and production at both the Superior and the San Manuel mines showed a gain for the period. The resulting sales increases, together with higher copper, gold and silver prices that prevailed during most of 1973, increased Magma's net income to $43,261,000, an all-time high for the Company.

At San Manuel, production continued without interruption throughout 1973 at an average daily rate from the mine of 61,553 tons of ore. Smelter production was hampered early in 1973 by problems with anode casting and by the necessity of installing the new water-cooled converter hoods required by Magma's air pollution control program. A manpower shortage that existed through much of the year also had a limiting effect on the output of mine, smelter and refinery, with the result that production, although setting a new record, did not reach planned levels. A new method of more accurate casting of anodes will be installed in 1974. Measures taken to alleviate the manpower shortage include expanded recruiting and training programs, provision for more mobile homes at San Manuel, more convenient work schedules and other improvements, all of which showed promising results at the year's end, although openings for qualified men and women still exist in most departments.

At Superior, the mine was shut down during July, 1973, to enable transfer of haulage and hoisting operations to the new tunnel and shaft. Since August 2nd, the new facilities have been in operation with marked improvement in tonnage and efficiency. By the end of 1973, mine production was approaching a daily rate of 3,000 tons of ore, about double the previous rate. The planned level of 3,300 tons daily is expected to be reached later in 1974, as mine development proceeds to the point of providing sufficient working places.

The acid plant being built at San Manuel should be ready for operation by mid-1974 and should then recover most of the sulfur in the smelter's converter gas in the form of sulfuric acid, which will be sold under a long-term contract. The effect of this reduction will be measured by Magma's network of air-monitoring and weather-forecasting stations surrounding the smelter. One of the most accurate and reliable systems in the industry, Magma's monitoring network has been in continuous use for over a year to provide a basis for comparison when the acid plant goes into operation. The smelter is expected to be in compliance with Arizona's ambient air standards for sulfur dioxide at that time, and later on will meet the particulate emission standards with its new electrostatic precipitator.

The continuous casting plant for copper rod operated at rated capacity all year. Magma's rod is acknowledged to be of the highest quality, and it has established a high degree of acceptance in the marketplace.

(Left) New surface facilities at Magma's Superior Division include a combination service and production shaft and hoist, together with shops, warehouses, and engineering offices. Production is scheduled to reach 3,300 tons of ore per day later this year.

(Right) Inspecting progress on Magma's new $37 million sulfuric acid plant, scheduled for completion in July 1974, Wayne H. Burt, president (center) listens to Richard Sloan, smelter superintendent (right) and Vernon Stedronsky, project engineer.

Similkameen Mining Company Limited (100% owned)
British Columbia, Canada

	1973	1972
Ore and waste mined, short tons	21,219,800	21,389,000*
Ore milled, short tons	5,356,800	2,988,000
Grade of ore milled, per cent copper	0.45	0.44
Metals produced in concentrate:		
Copper, tons	20,600	11,400
Gold, troy ounces	28,100	16,300
Silver, troy ounces	130,800	72,500
Sales (U.S. dollars)	$40,749,000	$10,924,000
Net income (loss) (U.S. dollars)	$10,783,000	($ 559,000)
Dividends received by Newmont (U.S. dollars)	$ 2,250,000	None

*Includes preproduction tonnage.

The Similkameen open pit mine and concentrator near Princeton, B. C., which began production in March, 1972, completed its first full year of production in 1973. Although the grade of ore was lower than expected, all phases of the operation performed satisfactorily at rates approaching the designed capacity of 15,000 tons of ore daily.

Indebtedness of the Company of $45,195,000 as of December 31, 1972, was reduced to $39,922,000 by the end of 1973.

Currently, the Company is mining the upper portion of the Ingerbelle orebody, where the ore zones are somewhat scattered and irregular and the ore grade, while higher than mined in 1972, is still below the orebody's estimated average. It is expected that both grade and continuity of ore will improve as mining proceeds deeper. Gold and silver values remain higher than predicted and have made an important contribution to net income. Both mill recovery and concentrate grade were increased during the year as efforts to improve both metallurgical and plant efficiency continue.

Late in 1973, a 50 per cent increase in the capacity of the concentrator to 22,000 tons of ore per day was authorized so that an additional 7,000 tons per day of material grading about 0.25 per cent copper, which is now mined and stockpiled, can be milled. The capital additions, all to grinding and flotation

Ore from the Ingerbelle orebody (upper right) is processed at Similkameen's concentrator (center), with tailings being carried by a bridge (lower left) across the river for disposal. In eight years, mining is scheduled to begin at the Copper Mountain orebody (upper left). A green belt of grass, shrubs and trees will eventually cover rock dumps.

capacity, are estimated to cost about $5,000,000. Construction will begin in the spring of 1974, and completion is expected early in 1975.

A collective labor agreement, involving a substantial increase in wages and benefits effective for two years, was negotiated with the Steelworkers Union in October, 1973. Ten new homes were built in the new subdivision in Princeton, bringing the total to 65 new houses, all of which have been purchased by employees.

The reclamation program in the mine area is continuing, and the slopes around the mill building have been planted with grass. Some of the trees in the green belt between the relocated highway and the mine were killed by the severe winter and new trees have been planted.

At year end, 1973, ore reserves at Similkameen were estimated at 66,454,000 tons averaging 0.53 per cent copper.

Granduc Operating Company (100% owned)
British Columbia, Canada

	1973	1972
Ore milled, short tons	2,798,000	2,090,000
Grade of ore milled, per cent copper	1.25	1.35
Copper content in concentrates produced, short tons	33,500	27,000
Granduc Operating Company's share:		
Sales (U.S. dollars) .	$33,108,000	$11,095,000
Net income (loss) (U.S. dollars)	$ 7,337,000	($ 2,435,000)
Dividends received by Newmont (U.S. dollars)	$ 4,500,000*	None

*Includes dividend receivable of $2,000,000 at December 31, 1973.

Performance improved substantially during 1973 at the Granduc copper mine and mill in British Columbia, which is managed by Granduc Operating Company and leased from Granduc Mines Limited in equal shares by Granduc Operating Company and American Smelting and Refining Company. The mill processed an average of 7,540 tons per day during 1973, well above the nominal capacity of 7,000 tons per day. The 1972 average was about 5,700 tons per day.

The increased production and sales combined with sharply higher metal prices to yield a net income to Newmont's wholly-owned subsidiary of $7,337,000. United States income taxes would have reduced this 1973 net amount by $1,248,000 had not the Company been able to utilize income tax loss carryforwards.

Despite a continuing and severe shortage of skilled miners and craftsmen, underground operations proceeded satisfactorily at the higher production rate. The grade of ore mined declined in 1973, but efforts to decrease dilution during mining and to reduce costs are continuing. The sublevel caving system, the principal mining method, has been modified to increase efficiency. A mechanized cut-and-fill method, as tested in the experimental stope, has not as yet fulfilled expectations. Block caving was tried in one area of the mine, but proved uneconomic. A program to develop the orebody below the main haulage (tunnel) level was begun in November, 1973.

Various changes were made in the mill's crushing and grinding circuits in 1973 to increase throughput. Additional flotation cells and a washing plant to remove fine material prior to secondary crushing will be added to the concentrator in 1974 in an effort to further improve milling results.

Ore reserves at the end of 1973 were estimated at 32,952,000 tons averaging 1.64 per cent copper as compared with 39,021,000 tons averaging 1.67 per cent copper at the end of 1972. Reserves were recalculated in 1973 on the basis of higher density of diamond drilling in the orebody above the haulage level and on mining experience to date. The reassessment has resulted in a reduction of 3,785,000 tons from previously estimated ore reserves. The calculation of ore reserves is given before dilution experienced in mining.

Sherritt Gordon Mines Limited (39.7% owned)
Manitoba and Alberta, Canada

	1973	1972
Nickel in concentrates produced from Lynn Lake mine, pounds	8,539,000	10,355,000
Nickel produced at refinery, pounds	30,262,000	37,321,000
Recoverable copper produced in concentrates, short tons	35,800	20,700
Recoverable zinc, produced in concentrates, short tons	24,200	4,500
Fertilizer produced, short tons	362,000	372,000
Total sales (U.S. dollars) .	$123,066,000	$73,590,000
Net income (U.S. dollars)	$ 20,578,000	$ 2,901,000
Dividends received by Newmont (U.S. dollars)	$ 3,537,000	$ 2,526,000

Higher production and sales of both copper and zinc in 1973 reflected the entry into production of the Ruttan Mine. The increased output, coupled with much higher prices for both metals, substantially increased the net income for 1973.

The new Ruttan copper-zinc open pit mine commenced production in April, 1973, and, after overcoming a number of start-up problems, demonstrated its capability of producing

at the rated capacity of 10,000 tons of ore daily. However, a shortage of skilled personnel and the severe winter weather resulted in a lower average rate of production from the pit.

At Fox Mine, operations were quite satisfactory although zinc metallurgy continued to be a stubborn problem.

On the other hand, the Lynn Lake nickel mine operated at a loss for the year. Changes in the operation, particularly in the mining methods, resulted in some improvement; however, the continued operation of the mine, which entered production in 1953, is problematical.

The Sherritt nickel refinery at Fort Saskatchewan showed a drop in output of nickel due to reduced supplies of concentrates from the Lynn Lake mine and Australia. Nickel concentrate and matte from outside sources in Canada, Australia and New Caledonia will not be adequate for full refinery output until probably late in 1974. Demand for fertilizer continued strong, and increased prices resulted in substantially higher revenue for 1973.

The pilot plant activities of Sherritt in 1973 included work on development of a hydrometallurgical process for recovering copper from sulfide concentrates. The process is designed to be a nonpolluting alternative to conventional copper smelting with flexibilities built into the flowsheet for recovering other metal values, including precious metals. Early in November a $10,000,000 pilot plant program to test the process was announced jointly by Sherritt and Cominco Ltd.

In the Philippines, construction of the laterite nickel mine and refinery of Marinduque Mining & Industrial Corporation, in which Sherritt holds a 10 per cent equity, progressed well, and production is expected in late 1974. The future of the laterite nickel project in Indonesia of P. T. Pacific Nikkel, in which Sherritt has an 11.11 per cent interest, became questionable early in 1974 owing to escalating capital and process costs.

Carlin Gold Mining Company (100% owned)
Nevada

	1973	1972
Ore and waste mined, short tons	6,266,000	6,869,000
Ore milled, short tons	827,000	934,000
Grade of ore milled, ounces of gold per ton	0.2087	0.238
Gold production, troy ounces	150,000	194,000
Sales	$14,976,000	$11,650,000
Net income	$ 5,664,000	$ 3,841,000
Dividends received by Newmont	5,664,000	$ 3,841,000

The average price of gold received by Carlin in 1973 was $100.04 per ounce, compared with $59.90 in 1972 and $41.69 in 1971. The higher price enabled profitable mining of a lower grade of ore and substantially lengthens the life of the operation. Although total gold production was lower in 1973 than in 1972 as a consequence of the lower grade of the ore milled, Carlin's net income was sharply higher.

Ore production was lower than planned owing to adverse weather conditions in the spring of 1973 and to a 20-day strike that reduced operations to one shift a day between September 15th and October 4th. The strike ended with agreement on a new three-year labor contract providing increased wages for two years and increased benefits, including a new pension plan, with wages for the third year to be negotiated.

Waste removal at the wholly-owned Bootstrap property, 12 miles away, began in June, 1973. About 50,000 tons of low-grade ore has been stockpiled for heap leaching, and a like amount of higher grade ore has been stockpiled for haulage to the mill in the spring of 1974. At Carlin's Blue Star property, 4.8 miles away, a haulage road to the Carlin mill was roughed in, and further drilling is in progress. These properties will provide Carlin with about 1.9 million tons of ore, grading approximately 0.14 ounces of gold per ton.

Excluding Bootstrap and Blue Star, reserves at the Carlin mine at the end of 1973 totaled about 2,400,000 tons of ore, assaying 0.319 ounces per ton, as compared with 2,713,000 tons assaying 0.317 ounces per ton a year before. Deep drilling has indicated extensions of the Carlin ore reserves outside of the existing pit limits. Tonnage and grade in these zones will be investigated by extensive diamond drilling done from an adit now being driven below the pit area for this purpose.

Bethlehem Copper Corporation Ltd. (22.5% owned)
British Columbia, Canada

	1973	1972
Ore milled, short tons	6,339,000	5,965,000
Grade of ore milled, per cent copper	0.58	0.54
Copper in concentrate, short tons	33,500	29,100
Sales (U.S. dollars)	$48,942,000	$23,616,000
Net income (U.S. dollars)	$16,572,000	$ 5,091,000
Dividends received by Newmont (U.S. dollars)	$ 986,000	$ 212,000*

*On stock acquired in September, 1972.

Bethlehem Copper's production increased somewhat in 1973 over that of 1972, but the value of sales rose steeply, owing to much higher world copper prices, with a corresponding effect on net income.

Diamond drilling during 1973 established substantial additions to reserves in the previously mined Jersey orebody, which will be prepared for production during 1974. The life of the Jersey and the Huestis orebodies has been extended

by the addition of more than 30,000,000 tons of estimated ore reserves. Encouraging results are being obtained by detailed drilling of the Iona orebody as well, but no estimate of reserves is presently available.

The net working capital at the end of 1973 was $51,219,000. These funds are reserved for developing the J-A orebody and/or Bethlehem's 20 per cent share of the Valley Copper orebody and for construction of additional milling capacity. However, by the end of the year, no decision had been reached on this major development, and it may not be reached until the political situation in British Columbia is clarified as to the government's objectives vis-à-vis the mining industry. Discussion early in 1974 centered on an attempt by the Provincial government to increase greatly, by royalties and "excess profit" taxes, its share of the value of British Columbia's mining industry output. At the time of publication, the issue was still in doubt.

Dawn Mining Company (51% owned)
Washington

	1973	1972
Ore mined, short tons (Midnite Mines)	121,700	56,000
Ore milled, short tons	114,300	113,000
Sales	$5,906,000	$4,477,000
Net income	$1,667,000	$1,313,000
Dividends received by Newmont	$ 510,000	$ 510,000

During the first half of 1973, the high-grade uranium ore shipped in 1971 from Kendrick Bay, Alaska, to the Dawn plant near Spokane, Washington, continued to be blended with Midnite ore for processing. By mid-year, all the Kendrick Bay ore had been milled so that only ore from the Company's Midnite Mine was processed in the last half of 1973. The average grade of ore milled in the first half of 1973 was 0.39 per cent U_3O_8, declining to 0.345 per cent U_3O_8 in the second half. The average for the year was 0.375 per cent U_3O_8 as compared with 0.382 per cent for 1972.

Dawn's net income increased slightly in 1973 due principally to increased uranium selling prices as provided by the sales contracts in effect with Dawn's public utility customers.

In late 1973, Dawn completed repayment of the loan of $2,300,000 borrowed in 1971 to finance the Kendrick Bay mining project. This debt retirement was a year ahead of schedule.

At the end of 1973, Dawn's ore reserves and stockpile totaled 252,900 tons averaging 0.27 per cent U_3O_8 as compared with 322,000 tons averaging 0.30 per cent U_3O_8 at the end of 1972. Drilling in the vicinity of Dawn's mining operations disclosed possible additional ore reserves, and further drilling will be done in 1974.

Resurrection Mining Company (100% owned)
Colorado

	1973	1972
Ore mined, short tons	199,000	208,000
Ore milled, short tons	206,000	216,000
Resurrection Mining Company's share:		
Total sales	$4,420,000	$3,201,000
Net income (loss)	$ 542,000	($ 39,000)

Operations continued without interruption during the year at the Resurrection Mine near Leadville, Colorado, which is operated as a joint venture shared equally by Resurrection Mining Company and American Smelting and Refining Company and managed by the latter. Owing largely to a manpower shortage, the mine did not produce at more than about 75 per cent of its rated capacity of 700 tons of ore per day during the year. However, because of higher metal prices and carefully controlled costs, the mine operated profitably all year.

The average grade of ore milled in 1973 was 3.96 per cent lead, 8.95 per cent zinc, 2.8 ounces of silver, and 0.07 ounces of gold per ton as compared with 3.9 per cent lead, 7.6 per cent zinc and 2.4 ounces of silver and 0.07 ounces of gold per ton in 1972.

Ore reserves as of January 1, 1974, were estimated at 2,619,000 tons averaging 4.98 per cent lead, 9.71 per cent zinc, and 2.53 ounces of silver and 0.067 ounces of gold per ton as compared with 2,609,500 tons averaging 5.16 per cent lead, 9.92 per cent zinc, 2.53 ounces of silver and 0.068 ounces of gold per ton as of the end of 1972.

Idarado Mining Company (80.1% owned)
Colorado

	1973	1972
Ore mined and milled, short tons	378,200	386,500
Total sales	$10,800,000	$9,888,000
Net income	$ 415,000	$ 484,000
Dividends received by Newmont	$ 238,000	$ 396,000

Idarado's 1973 tonnage milled was only a little below that of 1972. Metal prices were substantially higher than in 1972 and contributed to 1973's net income but were offset by higher operating costs and by increased development expenses required to open more stopes and add to broken ore reserves.

Idarado borrowed $865,000 in 1973 to cover the cash deficit caused by these higher costs and by capital expenditures to replace outworn mining equipment. By the end of 1973, $130,000 of this loan had been repaid.

In the first three quarters of 1973, Idarado paid dividends of $0.05 per share in each quarter. However, in order to conserve cash for debt repayment and new capital expenditures, the board of directors decided in the fourth quarter to suspend dividend payments.

A new three-year labor contract was negotiated with the United Steelworkers Union in 1973. It provides improved medical benefits along with a wage increase.

In 1973 the mill treated 378,150 tons of ore averaging 0.052 ounces of gold and 1.39 ounces of silver per ton, 2.55 per cent lead, 0.56 per cent copper, and 3.44 per cent zinc. This compares with 386,500 tons milled in 1972 averaging 0.063 ounces of gold and 1.74 ounces of silver per ton, 2.74 per cent lead, 0.72 per cent copper, and 3.74 per cent zinc.

Ore reserves at the end of 1973 were 3,241,000 tons averaging 0.02 ounces of gold and 1.77 ounces of silver per ton, 3.36 per cent lead, 0.77 per cent copper and 4.61 per cent zinc as compared with 2,865,000 tons averaging 0.03 ounces of gold and 1.75 ounces of silver per ton, 3.31 per cent lead, 0.74 per cent copper and 4.80 per cent zinc at the end of 1972.

Late in 1973, a subsidiary of Idarado was reactivated as Telluride Valley Corporation to handle the real estate interests of the Company, which are in the area of a new ski resort being developed by others near Telluride.

Nonmetallic Mineral Producers

Atlantic Cement Company, Inc. (100% owned)
New York and Eastern Seaboard

	1973	1972
Sales, less discounts and allowances	$47,359,000	$38,202,000
Net income	$ 7,071,000	$ 5,427,000
Dividends received by Newmont*	$ 7,000,000	$ 5,500,000

*1973 dividends received by Newmont represent 50% of dividends paid through June 28, 1973, and 100% thereafter. Of the 1973 dividend of $7,000,000, $1,562,000 was in excess of Newmont's share of Atlantic's net income. In 1972, $2,786,000 of the $5,500,000 was in excess of Newmont's share of Atlantic's net income.

Atlantic Cement Company, Inc., became a wholly-owned subsidiary of Newmont Mining Corporation on June 28, 1973, when Newmont purchased the 50 per cent share of Atlantic held by Cerro Corporation for $38,500,000. Atlantic's financial results for the first half of 1973 were included on the equity basis of accounting, as in prior years. During the second half of 1973, Atlantic's results have been included with Newmont's consolidated companies.

Atlantic's net income in 1973 increased over that of 1972 because of increased sales and firmer prices although fuel oil and other costs rose sharply during the year. The Company's remaining tax loss carryforward was completely utilized in 1973. Income taxes would have reduced net income by about $1,000,000 in 1973, and by $2,600,000 in 1972, had the tax loss carryforward not been available.

Cement shipments were at an all-time high in the United States in 1973. Atlantic actually sold considerably more cement than it produced, in part by drawing down clinker inventory, and in part by importing 180,000 tons of cement from Spain. A new ten-year contract for larger tonnages of imported cement was negotiated in 1973, with shipments to reach a peak in 1978. An expenditure of $3,000,000 for expansion of terminal facilities at Jacksonville, Florida, was financed by a development bond issue.

Under Phase IV regulations, Atlantic's cement price increases, announced early in 1973, were held to a 6 per cent average. On November 27, 1973, the Cost of Living Council exempted the cement industry from wage and price controls in order "to maintain current supplies of cement and encourage the cement industry to invest in both additional new capacity and replacement of older, energy-inefficient plants." As permitted by the exemption order, Atlantic announced price increases, effective January 1, 1974, averaging 12 per cent, throughout its marketing areas. Consistent with the spirit of the order, it is currently studying plans for expanding its productive facilities to coincide with the scheduled drop in its contracted imports in the late 1970's.

Effective May 1, 1973, a new two-year labor contract was negotiated, with increases, including benefits, averaging 6 per cent in the first year and 6.4 per cent in the second.

The outlook for 1974 is for higher cement prices and for production and volume of sales at least close to those for 1973, but costs and income taxes will also increase.

Newmont Oil Company (100% owned)
Selected areas in North America and abroad

	1973	1972
Oil sales, net barrels daily	4,600	5,400
Gas sales, net MCF daily	29,400	34,700
Oil and gas sales	$10,013,000	$10,694,000
Net income	$ 1,487,000	$ 2,521,000
Dividends received by Newmont	$ 2,500,000	$ 2,000,000

Newmont Oil Company's production of oil and gas decreased in 1973. Sales revenue, however, declined only slightly because of higher prices in 1973. Cash dividends paid Newmont increased for the fifth successive year even though net income was substantially reduced by a write-off, amounting to $1,032,000, net of tax, of two of the eight leases originally acquired on the Alaskan North Slope.

Production rates were increasing as 1973 ended, and oil and gas sales for December rose 30 per cent above 1973's monthly average. The Red Wing Creek field in North Dakota (discovered in 1972) and the Northeast Charenton field in Louisiana came on stream as the year ended, and waterflood production in West Texas and southeast New Mexico was also greater.

The price of oil increased significantly in the first eight months of the year and even more dramatically in the last four months.

Expenditures for exploration, development and acquisition totaled $3,100,000 in 1973, most of it spent in the United States. Shortages of drilling rigs and pipe in the United States and abroad limited these programs.

In the Louisiana offshore leases held by the Mobil-Continental-Newmont (MCN) group, in which Newmont Oil has a one-eighth interest, two productive development wells and one exploratory dry hole were completed during the year. One exploratory well was being drilled as the year ended.

Elsewhere in Federal waters offshore Louisiana, the SoNat group, in which Newmont Oil has an 8.3 per cent interest, drilled an exploratory well to a depth of 15,743 feet on South Marsh Island Block 234, which proved to be dry. This block was acquired by the SoNat group for $25,000,000 in December, 1972. Two shallower tests on separate structures on the same lease are planned for 1974. On the East Cameron Block 231, with a like interest by Newmont Oil, where three gas wells were drilled in 1970, a production platform will be built and development drilling should begin before the end of 1974. In Federal waters offshore Texas, on High Island Block 110, in which Newmont Oil owns 10 per cent jointly with another group, a confirmation well will be drilled in 1974 in the light of a successful gas well drilled in the adjacent Block 111.

Onshore in the United States, Newmont Oil participated in drilling fifteen wells, of which eight were productive. Seven of these eight, and three dry holes, were drilled at the Red Wing Creek field in Williston Basin in McKenzie County, North Dakota, where Newmont Oil has a 4.7 per cent net interest. A gas pipeline has been completed to Red Wing Creek, and oil can now be produced without flaring gas. A gas pipeline has also been completed into the Northeast Charenton field in Louisiana where Newmont Oil has net interests averaging about 19 per cent in three productive gas-condensate wells.

Towering above the Boston, Massachusetts, waterfront, Atlantic Cement Company's silos are ready to discharge cement into specially designed railroad cars for shipment to customers. Such regional facilities enhance Atlantic's marketing capabilities for its own and imported cement.

An exploratory test of the Bongos prospect in New Guinea proved to be dry. Another test was completed in January, 1974, on the Keraw prospect 120 miles away on the Sepik River. Although not productive, the well exposed favorable sections. Interests were acquired in offshore areas in the North Sea, including a 12 per cent interest in two blocks of 55,000 acres each in United Kingdom waters, a 25 per cent interest in a farm-in in German waters, and a 15 per cent interest in a farm-in of three blocks of 290,000 acres in Dutch waters. It is expected that one well will be drilled in each of these areas in 1974.

Foote Mineral Company (32.8% owned)

Pennsylvania, West Virginia, Iowa, Nevada, Tennessee, North Carolina and Washington

	1973	1972
Sales from continuing operations	$86,431,000	$71,449,000
Sales from discontinued operations	$30,396,000	$22,205,000
Net income (loss)	$ 2,812,000	($ 6,493,000)*

*The 1972 net loss was after an extraordinary charge of $6,738,000 attributable to writeoffs and disposal of three plants, which in 1973 and 1972 provided the sales income shown above as "discontinued operations."

Sales and net income data for Foote appear in the foregoing table. The three plants written off in 1972 mentioned above, and one other plant were disposed of because of their marginal profitability and excessive capital investment required for pollution control. These were the ferrochrome plant at Steubenville, Ohio, the silicon metal plant at Wenatchee, Washington, and the lime plants at Kimballton, Virginia, and Asbury, Tennessee. All but the silicon plant had been sold by the end of 1973, and agreement in principal to sell the silicon plant was reached early in 1974.

Foote also disposed of its interests in Rhodesia in 1973 by selling or liquidating the Rhodesian company's assets for a gross realization of about $2,500,000 before taxes and expenses of liquidation and disposal. Foote has no further interest in Rhodesia.

On July 30, 1973, Foote offered to buy all of its preferred shares at a price of $22 per share. When the tender offer expired in September, 1973, 63.6 per cent of the 1,263,264 shares outstanding had been tendered and purchased, leaving 459,915 preferred shares outstanding.

In October, Foote resumed paying a preferred dividend for the first time since September 30, 1971, amounting to $0.55 per share on October 29th and $1.10 on December 31, 1973. An additional $0.55 per share was declared and paid early in 1974 out of 1973 earnings. The total amount of preferred dividends so paid was $1,012,000.

The construction of a new 12,000,000 pound per year lithium carbonate plant at Kings Mountain, North Carolina, was authorized early in 1974. This product is in growing demand by the aluminum industry. In late 1973, Foote's directors authorized the expansion of lithium carbonate capacity at Silver Peak, Nevada, to 14,000,000 pounds annually and also gave approval to a $7,000,000 capital-spending program at the ferroalloy plant at Graham, West Virginia. The Graham expenditures will provide new furnace capacity in addition to that built in mid-1973 at a cost of about $5,000,000 and will also provide associated pollution controls. The program will increase both production rates and efficiency at Graham.

Overseas Interests

Beginning with the contributions to income from the newly-opened South African mines of O'okiep Copper Company Limited in 1937, and strengthened by the reopening of Tsumeb Corporation Limited's South West African mine in 1947, Newmont's income from overseas rose rapidly until it exceeded North American income early in the 1950's. This trend was reversed in the 1960's by a deliberate effort to increase the proportion of total income from North American sources. Nevertheless, Newmont's overseas interests remain, both presently and potentially, important contributors.

Australia, Indonesia, South Africa and Botswana are among the areas in which overseas mineral exploration is currently being conducted, but the shifting tides of the world's political and economic forces, and growing metal shortages, may make other countries attractive whose political climates are now unfavorable or difficult, or whose mineral resources are little known. In the meantime, Newmont's existing overseas operations and investments provide welcome additions to the world's supply of metals.

Tsumeb Corporation Limited (29.6% owned)
South West Africa

	1973	1972
Metals sold, short tons:		
Lead		
Tsumeb mines	61,100	50,000
Custom metal	13,100	5,500
Copper		
Tsumeb mines	23,400	22,100
Custom metal	9,100	6,100
Zinc (in concentrates)		
Tsumeb mines	3,100	4,300
Total sales (U.S. dollars)	$84,611,000	$48,229,000
Net income (U.S. dollars)	$22,532,000	$ 5,981,000
Dividends received by Newmont	$ 3,088,000	$ 1,382,000

The substantial increase in production and net income for Tsumeb in 1973 over the levels of 1972 was caused by markedly higher metal prices and by freedom from the work stoppages that curtailed production in 1972. Operating costs were higher in 1973, in part because of inflation in cost of supplies, but also because of wage and salary increases and various fringe benefits for all employees.

At the Tsumeb mine, 494,000 short tons of ore was mined at an average grade of 4.10 per cent copper, 11.51 per cent lead and 2.65 per cent zinc, compared with 484,000 tons of ore mined in 1972 at an average grade of 3.37 per cent copper, 11.49 per cent lead and 3.20 per cent zinc.

The Kombat mine produced 401,000 short tons of ore assaying 1.67 per cent copper and 1.88 per cent lead as compared with 416,000 tons of ore assaying 1.30 per cent copper and 1.47 per cent lead in 1972. The Matchless mine, near Windhoek, was reopened in February, 1973, when world copper prices began to rise, and by the end of 1973 it had produced 112,000 tons of ore averaging 2.23 per cent copper and 13.77 percent sulfur.

Smelter production at Tsumeb in 1973 came to 40,000 short tons of blister copper and 70,000 short tons of refined lead as compared with 28,800 tons of copper and 70,500 tons of lead in 1972 including metal smelted on toll. Tsumeb has contracted to custom-smelt additional copper concentrates from South West Africa and is considering expanding its copper smelter to a productive capacity of 79,000 short tons of blister annually at an estimated capital cost of about $11,700,000.

Because of the opportunity to achieve substantial savings in refining costs, Tsumeb and O'okiep are studying the feasibility of an electrolytic copper refinery as a joint project. The refinery, to be located in southern Africa, would be able to treat all of Tsumeb's copper smelter output, including the custom tonnage and O'okiep's blister as well.

Ore reserves at the Tsumeb mine as of December 31, 1973, were estimated at 5,497,000 tons assaying 4.68 per cent copper, 8.52 per cent lead and 2.15 per cent zinc, a decrease of 275,000 tons from 1972. Ore reserves at the Kombat mine as of December 31, 1973, were estimated at 1,273,000 tons assaying 1.93 per cent copper and 3.07 per cent lead, a decline of 244,000 tons. At the Matchless mine, ore reserves as of December 31, 1973, were 142,000 tons lower than in 1972, estimated at 995,000 tons averaging 2.37 per cent copper.

At the Asis Ost mine, near Kombat, of which Tsumeb owns 75 per cent, there were 486,000 tons of ore in 1973, assaying 2.57 per cent copper and 0.46 per cent lead as compared to 591,000 tons in 1972. The reduction is due to recalculation based on further drilling.

Horizontal drilling done on the 44-level in the Tsumeb mine to test the extension of the Tsumeb orebody at this deepest level has been negative. The ore reserves shown in the foregoing text are those above the 36-level, and those below that level remain to be delineated.

Tsumeb, in partnership with Newmont Mining Corporation and United States Steel Corporation, is continuing investigation of several mineral concessions in Botswana. One of these, the Zeta, has been found to contain promising strati-form copper deposits of moderate grade in a very large structure.

The system of workers advisory committees for black employees established early in 1973 has helped improve communication between black employees and management. Definite progress was made during the year in advancing black employees to more highly-skilled and better-paid jobs than were previously open to them. The Company has renewed its efforts to obtain official permission to provide housing for families of black employees.

Wrapped in a protective sheathing, the new pipeline is lowered into a trench between O'okiep and the Orange River. Completion of the 80-mile pipeline in October, 1973, eliminated the previous, ever-present threat of water shortage.

O'okiep Copper Company Limited (57.5% owned)
Republic of South Africa

	1973	1972
Ore mined and milled, short tons	3,298,000	3,469,100
Grade of ore, per cent copper	1.34	1.28
Copper produced, short tons	37,800	40,700
Copper sold, short tons	38,000	39,400
Sales (U.S. dollars)	$57,944,000	$38,896,000
Net income (U.S. dollars)	$12,602,000	$ 5,586,000
Dividends received by Newmont	$ 5,337,000	$ 2,846,000

O'okiep's mines, mills and smelter operated normally during 1973, but production did not match that of 1972. However, because of greatly increased copper prices, O'okiep's net income more than doubled that of 1972. The grade of ore mined rose during 1973, but operating costs were higher, due in part to substantial wage and salary increases granted to all

categories of employees during the year as well as to rapidly increasing cost of supplies.

Works Committees of the black workers will be established in 1974 with the purpose of improving communciation with management on their grievances and to discuss working conditions and wages. If a dispute arises and is not resolved within 30 days and conciliation by the government department fails, then the workers have the right to strike. An understanding has been reached with the white unions to move black workers into more skilled and higher paid jobs that were formerly not open to them.

An important event of the year at O'okiep was completion in October of the pipeline bringing water from the Orange River, 80 miles away. Lack of processing water will no longer be a constant threat to mill and smelter operations, and domestic water supplies will also be increased as soon as purification facilities are completed.

At Gamsberg, 80 miles east of O'okiep, the joint exploration venture of O'okiep and Newmont has now outlined a zinc sulfide deposit which is known to be large, but its full extent is not as yet determined. A preliminary estimate, based on drilling to date, indicates an ore reserve of at least 93,500,000 tons of 7.4 per cent zinc, with 0.55 per cent lead. Drilling is continuing to fully delineate the deposit, and metallurgical tests are being run on core samples. Economics will probably dictate the building of a zinc refinery in order to make exploitation of the deposit viable.

Following preliminary economic and technological studies, it was decided in late 1973 to commission an engineering and feasibility study of an electrolytic copper refinery with an initial capacity of about 140,000 metric tons of cathode copper annually to be erected at some suitable point in southern Africa. The refinery would treat all of the blister copper production from both Tsumeb and O'okiep smelters, including that derived from custom copper concentrates as well as their own. It is contemplated that both Tsumeb and O'okiep will share in the ownership and financing of the refinery.

Ore reserves of the O'okiep mines stood at 26,888,000 tons averaging 1.58 per cent copper at the end of 1973 as compared with 28,038,000 tons averaging 1.56 per cent copper at the end of 1972. Exploration in existing mine areas has yielded indications of additional significant tonnages, especially at Carolusberg at deeper levels, which should be delineated in the coming year.

Rising above the flat Namaqualand plain, the Gamsberg structure is the site of a major zinc discovery by a Newmont-O'okiep equally-owned joint venture.

Palabora Mining Company Limited (28.6% owned, mostly through Palabora Holdings Limited)
Republic of South Africa

	1973	1972
Ore and waste mined, short tons	52,082,000	49,816,000
Ore milled, short tons	21,148,000	21,273,000
Grade of ore mined, per cent copper	0.57	0.56
Copper produced, short tons	105,700	110,200
Sales, short tons:		
Copper	108,300	113,500
Vermiculite	163,800	145,700
Sulfuric Acid	112,300	89,300
Magnetite	919,400	774,400
Total sales (U.S. dollars)	$174,710,000	$116,642,000
Net income (U.S. dollars)	$ 60,539,000	$ 31,075,000
Dividends received by Newmont	$ 11,816,000	$ 7,002,000

Although Palabora's copper production and sales were both lower in 1973 than in 1972, sales income and net income were substantially higher owing to the high world copper prices prevailing in 1973. Production costs were higher as well, largely because of increased costs of labor and supplies.

The Palabora pit operated on a six-day week schedule at the rate of about 69,300 short tons of ore per day with a cut-off grade of 0.25 per cent copper and a stripping ratio of 1.43:1. The Palabora concentrator, smelter and refinery operate on a seven-day week basis. Milling rate in 1973 was 57,900 short tons daily, compared with 58,100 daily in 1972.

Under the present mining plan, the Palabora pit will have a life of about 16 to 18 years. Because the orebody extends vertically to an, as yet, undetermined depth, a plan is now being worked out to determine more closely the possible future conversion from open pit to underground mining. Alternative pit designs are also being studied that would extend pit life.

Studies have also been initiated into the feasibility of expansion of production throughout the mine and metallurgical plants. Palabora has some excess smelter capacity, but any major expansion would require adding certain facilities to the smelter and increasing the concentrator capacity.

Palabora has nearly completed its program of housing construction for the families of black employees. The program of improved social security benefits for black employees, including pensions, a medical benefit scheme and life insurance, begun in 1972, has been well received.

At Witbank in South Africa's Transvaal are the main works of Highveld Steel and Vanadium Corporation Limited. The five pre-reduction kilns and the iron plant appear in the right foreground of this aerial photograph.

Southern Peru Copper Corporation (10.25% owned)
Peru

	1973	1972
Ore and waste mined, short tons	38,344,000	47,148,000
Ore treated, short tons	12,588,000	14,427,000
Grade of ore milled, per cent copper	1.21	1.22
Blister copper produced, short tons	128,500	138,200
Copper in concentrates sold, short tons	5,100	10,100
Total Peruvian income taxes	$ 71,355,000	$ 21,967,000
Sales	$231,907,000	$139,673,000
Net income	$ 61,323,000	$ 26,914,000
Dividends paid Newmont	None	$ 1,604,000
Expenditures on Cuajone Project in year	$ 85,761,000	$ 36,959,000
Expenditures on Cuajone Project—total to date	$168,400,000	$ 82,639,000

A work stoppage through the month of December, 1973, together with a number of other short strikes during the year, thwarted what might otherwise have been a year of record production for Southern Peru. As it was, Southern Peru's net income for 1973 rose well above that of 1972 because of much higher prices received for metal sold.

No dividends were declared by Southern Peru during 1973, all available cash received since mid-1972 having been devoted to developing the Cuajone orebody. This project is planned for production commencing in late 1976 at a rate of 180,000 tons of blister copper annually from the orebody, which contains an estimated 470 million tons of ore averaging 1.0 per cent copper. In November, 1973, it was announced that an international consortium including 29 banks agreed, under terms requiring completion of financing and other matters, to provide up to $200,000,000 toward the Cuajone project. There remained about $200,000,000 of the total $554,000,000 cost of the project to be financed, but the settlement of certain outstanding investment disputes between the United States and Peru, which was announced on February 19, 1974, is expected to facilitate completion of the financing for Cuajone.

Under the General Mining Law of Peru and implementing regulations, 10 per cent of Southern Peru's annual income before taxes and depletion is to be paid over to a Community Organization of SPCC workers, with an additional 1 per cent of such income to be paid to Peru's Mining, Scientific and Technological Institute. Sixty per cent of the payments to be made for the benefit of the employees is to be made through issuance of ownership participations in the net assets of Southern Peru which are located in Peru. By the end of 1973, these participations amounted to approximately 6.5 per cent of such assets.

Highveld Steel and Vanadium Corporation, Limited
(11.9% owned)
Republic of South Africa

In its 1973 fiscal year, ending June 30, 1973, Highveld reported a net income of $10,493,000, which enabled the company to declare its first dividend. This amounted to $0.07 per share for a total payment of $4,214,000, of which Newmont received $501,000. In the second half of 1973, Highveld reported a net income of $8,126,000, up from $5,822,000 in the first half.

The fiscal 1973 net income contrasts with a loss of $2,207,000 in fiscal 1972. The improvement is due to better operating performance in Highveld's several units of production and a stronger demand for steel in South Africa coupled with higher prices for vanadium pentoxide and vanadium slag.

At present, Highveld has an expansion program under construction to meet growing market demands. By the first quarter of 1975, the company's productive capacity will increase about 25 per cent to 600,000 tons per year of hot iron metal and 29,000,000 pounds of V_2O_5 in slag annually. The cost will be about $20,860,000. Further expansion is planned in 1978.

In company with nearly all South African industries, Highveld has raised wages of black employees substantially and has obtained union agreement to moving black workers into skilled, better-paying jobs that were hitherto not open to them.

Exploration, Research and Development

Newmont and its subsidiaries spent $19,500,000 on exploration, research and engineering in 1973 as compared with $12,300,000 in 1972. Exploration was carried on in most of the Western States, Alaska, Canada, Mexico, Australia, New Zealand, Indonesia, Korea, Botswana and South Africa.

Exploration activities in North America were intensified, with particular attention being paid to the areas surrounding operating Newmont properties. Outside North America, Newmont's exploration efforts were devoted chiefly to Australasia and southern Africa.

In 1973, the diamond exploration project in Lesotho in South Africa was abandoned for lack of sufficiently encouraging results. No further work was done in 1973 on the Camp Bird exploration project near Idarado Mining Company's properties in southwestern Colorado.

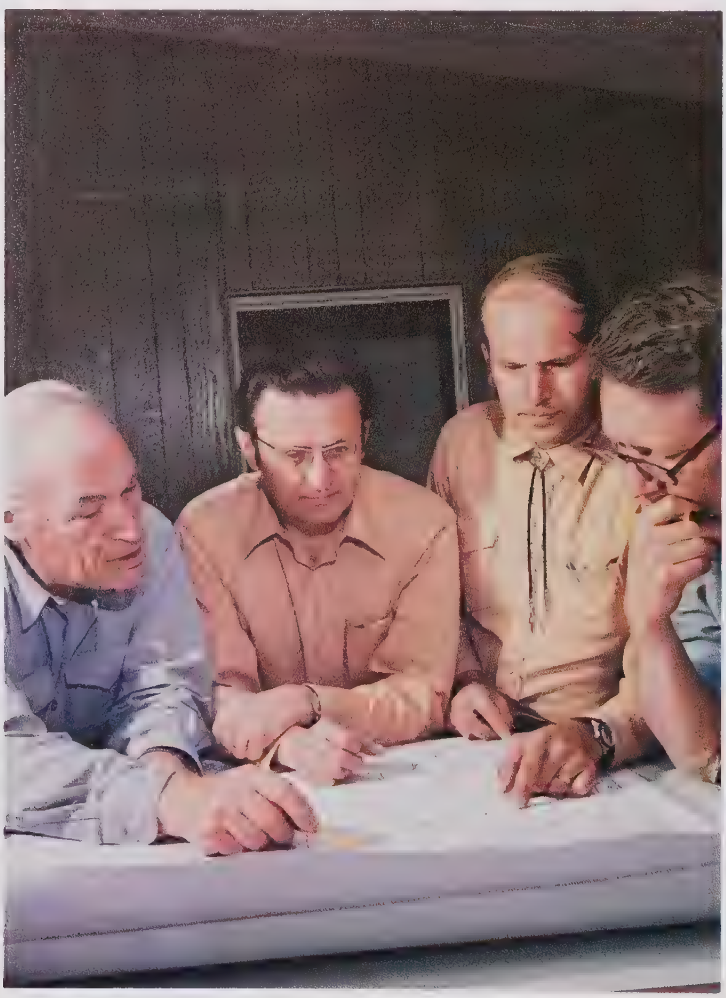
Reassessment of the capital and operating costs of the lateritic nickel project in Indonesia of P.T. Pacific Nikkel has shown both costs to be so high that continuing Newmont's participation seems problematical. In addition to rapidly escalating construction, material and equipment costs, the recent meteoric rise of fuel oil prices demanded by most world producers has caused a near doubling of the nickel project's estimated operating costs.

Newmont Mining Corporation of Canada's 23.75 per cent ownership of the Icon Sullivan Joint Venture, a small copper mine in the Chibougamau district of Quebec, resulted in net income of $609,500 in 1973, compared with $310,800 in 1972. The venture is in the declining phase of its life because of exhaustion of the reserves.

On June 28, 1973, Newmont Proprietary Limited, a wholly-owned Newmont subsidiary, announced discovery of several closely-grouped gold deposits in the Great Sandy Desert of Western Australia. Occurring in a series of thin gold-bearing reefs, a part of these formations is close enough to the surface to be mined by open pit methods. Drilling has indicated at least 2,200,000 tons of such ore averaging about 0.42 ounces of gold per ton, and exploration is continuing.

In Indonesia, one of the three copper exploration projects begun in 1972 has been dropped. This work has been managed by Newmont Proprietary and financed jointly with several partners. A second is being reorganized, and a third, which is centered in Sumatra, is continuing.

(Below, left) Diagnosis of magnetic data from San Manuel, Arizona, occupies (from left) Dr. Arthur A. Brant, director of Newmont Exploration's Geophysical Department, and three members of the NEL staff, Misac Nabighian, David MacLean, and Harold Swanson. (Below) In the field near Superior, Arizona, Swanson and MacLean set up induced polarization equipment over an exploratory drill hole.



In South Africa, an equally-owned joint exploration venture between O'okiep Copper Company and Newmont announced in July, 1973, that a large zinc deposit has been disclosed by drilling. Further comment on this discovery appears in this report under O'okiep and in the President's letter.

In Botswana, Newmont, in partnership with United States Steel Corporation and Tsumeb Corporation Limited, is exploring some relatively narrow, moderate-grade copper intersections found in a very large geological structure. Results to date are sufficiently interesting to warrant continuing the exploration.

In 1973, Newmont began investigating coal deposits in the western United States with two objectives: first, to widen the Company's position in the energy field; and second, to ensure a supply of fuel for smelting at Magma Copper Company in San Manuel, Arizona, if natural gas and oil become unavailable or too expensive.

At Danbury, Connecticut, the Geophysical and Metallurgical Departments of Newmont Exploration Limited devoted the year to applied research and development studies and to analytical work in support of various Newmont interests.

The mineral dressing group assisted in solving problems in the copper and zinc flotation circuits at Sherritt Gordon's Fox Lake and Ruttan mines. A flotation test program on the Gamsberg zinc ore from South Africa was begun. Test work on refractory gold ores from Carlin pointed the way to achieving higher extraction of gold.

The chemical and metallurgical engineering groups were occupied in part with studies of new continuous copper smelting processes, including one developed by the Newmont Exploration Limited staff which combines smelting and converting in a single furnace. A patent covering this process was granted in 1973. Other major studies covered comparative analyses of hydrometallurgical alternatives to copper smelting, an investigation of copper losses in reverberatory furnace slags, and the recovery of precious metals from San Manuel copper refinery slimes. The staff assisted in the development of accurate analytical methods for Australian gold ores, South African blister copper and other materials.

Pinpointing an African project on a giant map is Maurice Davidson, assistant manager of the Geophysical Department at Danbury (upper left) while Colin Barnett (below left) and Jack Perry discuss a magnetic study carried out in northern British Columbia.

Doris Fuller enters interdepartmental data into the Newmont accounting and engineering computer network (upper right), while (below) George McLaughlin, electronics engineer and designer, works on the construction of a new drill hole seismic device.

Installation of the pilot multihearth furnace at Danbury was completed during the year, and it is now being used in the research program the Metallurgical Department has undertaken to develop a new method to produce saleable rhenium from San Manuel molybdenum concentrates.

The Danbury Geophysical Department carried out in 1973 a variety of support functions on behalf of Newmont including, among other things, training local personnel; provision of interpretive material and computer programs; regional studies, exploration planning related to geophysics; and direct manpower assistance at periods of peak activity. The western United States is served through the newly-established Tucson office of Newmont Exploration, and overseas operations, through the Danbury office.

Special projects in 1973 included: interpretation of geophysical data from the Botswana joint venture; developing and programming an improved procedure for drill hole magnetometer surveys at O'okiep; regional studies in British Columbia, Ontario and New Brunswick; development of drill hole seismic equipment for Magma; and development of equipment and a computer processing system for airborne geophysical surveys by Sherritt Gordon.

In addition, the Geophysical Department participated in the application of ultrasensitive mercury analyzers, sulfur isotope studies, fluid inclusion studies, and satellite imagery to Newmont's exploration programs. The Department also assisted in design and fabrication of display panels for the automated pollution monitoring network of Magma, and, in cooperation with the Metallurgical Department, developed a computer program for scheduling multiple converter operation in the Magma smelter in order to even out the flow of gas from the converters to the acid plant.

Newmont's Computer Department in 1973 began work on the development of a North American computer network to service all Newmont-managed companies in the region. Accounting and engineering computer capability is becoming available at each location, thereby facilitating such tasks as open pit planning computation, rapid provision of operating cost data to mine and plant supervision, and standardization of financial reporting practices at all properties. In addition, the staff designed and supervised installation of an air pollution monitoring network for the Magma smelter and assisted O'okiep and Tsumeb in the design and procurement of similar networks for the two African smelter installations.

Consolidated Balance Sheet December 31, 1973 and 1972

Assets

	1973	1972
Current Assets:		
Cash	$ 28,420,000	$ 24,662,000
Short-term investments, at cost which approximates market	22,486,000	22,247,000
Accounts receivable	56,409,000	30,599,000
Inventories:		
Ores and metals	46,861,000	45,374,000
Materials and supplies	29,178,000	21,802,000
Other	2,412,000	862,000
Total current assets	185,766,000	145,546,000
Investments:		
At cost (page 24)	59,753,000	64,553,000
At equity (page 25)	118,142,000	139,406,000
	177,895,000	203,959,000
Property, Plant and Mine Development:		
Land and mining claims, at cost	76,614,000	74,648,000
Buildings and equipment, at cost	506,466,000	425,617,000
	583,080,000	500,265,000
Less: Accumulated depreciation and depletion	164,212,000	152,232,000
	418,868,000	348,033,000
Mine development costs, net of amortization	149,461,000	151,130,000
Net property, plant and mine development	568,329,000	499,163,000
Other Assets	11,508,000	7,850,000
	$943,498,000	$856,518,000

Liabilities and Stockholders' Equity

	1973	1972
Current Liabilities:		
Current installments of long-term debt	$ 13,261,000	$ 32,603,000
Accounts payable	21,914,000	17,714,000
Accrued expenses	11,462,000	5,721,000
Accrued income taxes	25,358,000	4,687,000
Total current liabilities	71,995,000	60,725,000
Deferred Income Taxes	74,081,000	68,974,000
Long-Term Debt, less current installments	218,080,000	224,036,000
Minority Interest in Subsidiaries	14,981,000	12,415,000
Stockholders' Equity:		
Preferred Stock, par value $5.00; authorized 5,000,000 shares; issuable in series; Series A, $4.50 Cumulative Convertible (liquidating value $100 per share, total $69,399,200); outstanding 1973, 693,992 shares; 1972, 708,500 shares	3,470,000	3,543,000
Common Stock, par value $1.60; authorized 60,000,000 shares; outstanding 1973, 24,215,586 shares; 1972, 24,128,820 shares	38,745,000	38,606,000
Capital in excess of par value	100,837,000	99,816,000
Retained earnings	421,309,000	348,403,000
Total stockholders' equity	564,361,000	490,368,000
	$943,498,000	$856,518,000

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of this statement.

Statement of Consolidated Income For the Years Ended December 31, 1973 and 1972

	1973	1972
Gross Income:		
Metal sales and other operating revenue	$427,780,000	$272,279,000
Dividends, interest and other income	11,894,000	9,069,000
Equity in income of affiliated companies before extraordinary items	38,949,000	16,295,000
Net gain on security transactions (on an identified cost basis)	3,400,000	4,097,000
	482,023,000	301,740,000
Costs and Expenses:		
Operating costs and expenses exclusive of items shown separately	276,774,000	201,375,000
Depreciation and depletion	20,056,000	15,316,000
Exploration and research	15,910,000	8,871,000
Interest expense	18,825,000	11,712,000
Provisions for United States and foreign income taxes	40,072,000	13,836,000
Minority interest in net income of subsidiaries	7,010,000	2,552,000
	378,647,000	253,662,000
Income before extraordinary items	103,376,000	48,078,000
Extraordinary items of affiliated companies, less applicable income taxes	—	(3,299,000)
Net Income	$103,376,000	$ 44,779,000
Per share amounts (based on the average number of shares of common stock outstanding and after preferred stock dividend requirements):		
Income before extraordinary items	$ 4.15	$ 1.86
Extraordinary items of affiliated companies, less applicable income taxes	—	(0.14)
Net income	$ 4.15	$ 1.72
Per share amounts assuming full conversion of convertible preferred stock	$ 3.92	$ 1.70

Statement of Consolidated Retained Earnings

	1973	1972
Balance at beginning of year	$348,403,000	$331,902,000
Net income for the year	103,376,000	44,779,000
Less cash dividends paid:		
Preferred stock, Series A, $4.50 Cumulative Convertible	3,181,000	3,189,000
Common stock (per share $1.13 in 1973; $1.04 in 1972)	27,289,000	25,089,000
Balance at end of year	$421,309,000	$348,403,000

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of these statements.

Statement of Consolidated Changes in Financial Position For the Years Ended December 31, 1973 and 1972

	1973	1972
Source of Funds:		
Net income	$103,376,000	$ 44,779,000
Add (deduct) income and expense items not affecting working capital:		
Depreciation, depletion and amortization	29,988,000	23,423,000
Deferred income taxes	5,107,000	5,051,000
Minority interest in net income of subsidiaries	7,010,000	2,552,000
Dividends in excess of (less than) equity in income of affiliated companies	(14,727,000)	3,437,000
Adjustments in cost of investments	7,967,000	
Working capital provided from operations	138,721,000	79,242,000
Long-term borrowings	35,081,000	100,657,000
Other, including cost of securities sold, return of capital and proceeds from issuance of common stock for stock options exercised	6,993,000	8,234,000
	$180,795,000	$188,133,000
Application of Funds:		
Property, plant and capitalized mine development costs	$ 45,456,000	$ 44,104,000
Purchase of remaining 50% interest in Atlantic Cement Company, Inc. and consolidation of accounts at acquisition date (increases in property, plant and equipment of $57,522,000, other assets of $2,298,000, less decrease in investment at equity of $36,202,000)	23,618,000	—
Cash dividends paid	30,470,000	28,278,000
Reduction of long-term debt	41,037,000	78,210,000
Investments and other assets	6,766,000	29,321,000
Cash dividends paid to minority stockholders in subsidiaries	4,498,000	2,688,000
Increase in working capital	28,950,000	5,532,000
	$180,795,000	$188,133,000
Analysis of Increase (Decrease) in Working Capital:		
Cash and short-term investments	$ 3,997,000	$ 18,258,000
Accounts receivable	25,810,000	10,459,000
Inventories	8,863,000	11,381,000
Other current assets	1,550,000	(5,953,000)
Current installments of long-term debt	19,342,000	(23,866,000)
Accounts payable and accrued expenses	(9,941,000)	(3,123,000)
Accrued income taxes	(20,671,000)	(1,624,000)
Increase in working capital	$ 28,950,000	$ 5,532,000

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of this statement.

Investments at Cost in Companies Owned Less than 20% December 31, 1973

	Shares of Common Stock	Percentage Owned	Cost	Quoted Market Values	1973 Dividend Income
Companies with Quoted Market Values					
Canadian Export Gas and Oil Limited	1,533,232	18.8	$ 3,145,000	$ 4,791,000	$ —
Cassiar Asbestos Corp., Limited	728,610	13.3	5,971,000	6,805,000	437,000
Continental Oil Company	1,895,924	3.8	11,565,000	103,565,000	3,098,000
Highveld Steel and Vanadium Corp., Ltd.	6,700,000	11.9	9,726,000	14,524,000	501,000
International Minerals & Chemical Corp.	377,600	3.4	4,365,000	14,207,000	162,000
St. Joe Minerals Corporation	712,346	8.4	8,963,000	25,555,000	1,076,000
Transco Companies, Inc.	363,205	1.6	793,000	4,404,000	407,000
Other companies	—	—	2,158,000	6,991,000	168,000
			46,686,000	180,842,000	5,849,000
Companies without Quoted Market Values					
Southern Peru Copper Corporation	80,196	10.3	3,562,000	—	—
Other companies	—	—	9,505,000	—	—
			13,067,000	—	—
			$59,753,000	$180,842,000	$5,849,000

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of this statement.

Summary of Condensed Financial Data for Companies Owned 20% to 50%, Reported on Equity Basis For the Year Ended December 31, 1973 (000's omitted)

	Bethlehem Copper Corporation Ltd.	Foote Mineral Company	Palabora Mining Company Limited	Sherritt Gordon Mines Limited	Tsumeb Corporation Limited	Total
Financial position— December 31, 1973						
Current assets	$68,369	$44,973	$ 47,019	$ 62,010	$50,926	
Current liabilities	17,150	19,107	42,393	37,168	22,341	
Net working capital	51,219	25,866	4,626	24,842	28,585	
Property, plant and mine development, net	16,903	42,107	115,532	106,032	12,034	
Other assets, net	2,558	254	13,896	12,966	3,424	
Deferred income taxes	(3,404)	(1,846)	(49,315)	(12,504)	(3,838)	
Long-term debt	(537)	(7,700)	(11,250)	(42,057)	—	
Net assets	$66,739	$58,681 (1)	$ 73,489	$ 89,279	$40,205	
Results of operations—1973						
Sales	$48,942	$86,431	$174,710	$123,066	$84,611	
Net income	$16,572	$ 2,812	$ 60,539	$ 20,578	$22,532	
Percentage owned	22.5	32.8 (1)	28.6 (2)	39.7	35.0 (3)	
Newmont's cost plus equity in undistributed earnings since dates of acquisition	$28,834	$16,204	$ 21,994	$ 36,770	$14,340	$118,142
Quoted market values of Newmont's ownership at December 31, 1973	$21,721	$ 5,187	$115,095	$ 70,400	$ —	
Newmont's equity in Net income	$ 3,662	$ 590	$ 17,307	$ 7,956	$ 7,854	$ 37,369 (5)
Dividends to Newmont	$ 986	$ —	$ 15,539 (4)	$ 3,537	$ 3,660	

(1) Assuming conversion of Foote's convertible preferred stock, Newmont's percentage ownership would be 27%. The liquidating value of the convertible preferred stock was $18,396,000 at December 31, 1973.

(2) Directly owned 2.7%; indirectly owned through Palabora Holdings Company 25.9%.

(3) Directly owned 29.6%; indirectly owned through O'okiep Copper Company Limited 5.4%.

(4) Includes dividend payable to Newmont of $6,057,000 as of December 31, 1973.

(5) The amount $38,949,000 reported on page 22 as equity in income of affiliated companies includes $1,580,000 for Atlantic Cement Company, Inc. for the first six months of 1973.

The accompanying summary of significant accounting policies and notes to financial statements are an integral part of this statement.

Summary of Significant Accounting Policies

1—Principles of Consolidation

Companies owned more than 50%

The consolidated financial statements include the accounts of the Corporation and all of the domestic and foreign subsidiaries in which Newmont's ownership is more than 50%. (See Note C for accounting treatment of investment in Atlantic Cement Company, Inc.)

Companies owned 20% to 50%

Investments in affiliated domestic and foreign companies in which Newmont's ownership is between 20% and 50% are reflected on the equity basis of accounting. Newmont's equity in net income or loss of affiliated companies is included in the Statement of Consolidated Income and Newmont's equity in net income or loss since dates of acquisition less dividends received is added to or deducted from the cost of investments and included in Investments on the Consolidated Balance Sheet. A Summary of Condensed Financial Data for these companies is presented on page 25.

Companies owned less than 20%

Investments in companies owned less than 20% are recorded at cost and presented on the Schedule of Investments on page 24. Dividends received from such companies are included in the Statement of Consolidated Income.

2—Property, Plant and Equipment

Investments in property, plant and equipment are depreciated and depleted over their estimated economic lives, principally on the straight line and unit-of-production methods.

Maintenance and repairs are charged to operating costs and expenses as incurred. The cost and related allowances for depreciation of property, plant and equipment are eliminated from the accounts and the resulting gain or loss is reflected in the Statement of Consolidated Income in the year of sale or retirement.

3—Exploration and Mine Development Expenditures

Expenditures for general exploration, property evaluations, and for mine development costs which maintain current production, are charged to income as incurred.

Mine development costs which are incurred either to expand the capacity of operating mines or to develop new ore bodies benefit future operations and, accordingly, are capitalized and charged to operations on the unit-of-production method based on the estimated ore reserves to be recovered.

4—Translation of Foreign Currencies

Foreign currency amounts included in the consolidated financial statements have been translated into U.S. dollar equivalents at appropriate rates of exchange. Current assets, current liabilities and long-term debt have been translated at current rates of exchange. All other assets and liabilities have been translated at historical rates. Income and expense accounts have been translated at average rates for the year, except for depreciation, depletion and amortization of property, plant and capitalized mine development costs which have been translated and charged to operations based on their historical costs. Translation adjustments, immaterial in amount, have been included in the Statement of Consolidated Income in the periods in which they occur, except for translation adjustments attributable to long-term debt which are deferred and amortized over the debt repayment period.

5—Inventories

Inventories of ores and metals are stated principally at the lower of cost (first in, first out) or net realizable values.

Inventories of materials and supplies are stated at the lower of average cost or market.

6—Income Tax Expense

United States and foreign income tax expense consists of the following:

	U. S. Federal	Foreign	Total
1973			
Current tax expense	$27,002,000	$7,963,000	$34,965,000
Deferred tax expense	5,167,000	(60,000)	5,107,000
Total	$32,169,000	$7,903,000	$40,072,000
1972			
Current tax expense	$ 5,051,000	$3,734,000	$ 8,785,000
Deferred tax expense	5,224,000	(173,000)	5,051,000
Total	$10,275,000	$3,561,000	$13,836,000

Deferred tax expense results from timing differences in the recognition of accounting transactions for tax returns and financial statement purposes. The nature of these differences in 1973 and 1972 and the tax effect of each were as follows:

	1973	1972
Excess depreciation charges deducted on tax returns	$2,888,000	$2,890,000
Mine development costs deducted on tax returns, capitalized on financial statements	540,000	2,539,000
Estimated tax to be paid on undistributed net income of affiliates owned 20%-50% if distributed as dividends	2,550,000	—
Excess foreign tax credits utilized in determining financial statement net income	2,174,000	(451,000)
Investment losses not currently deductible on tax returns	(2,058,000)	(417,000)
Other	(987,000)	490,000
	$5,107,000	$5,051,000

Total provisions for income tax expense amounted to $40,072,000 in 1973 and $13,836,000 in 1972. These amounts represent 35.9% and 28.7% respectively of pretax financial statement income of $111,509,000 in 1973 and $48,171,000 in 1972, adjusted for minority interest in net income of subsidiaries and equity in net income of affiliated companies.

If the full U.S. statutory corporate income tax rate of 48% had been applicable to the pretax financial statement income, the total provisions for income tax expense would have been $53,524,000 and $23,122,000 in 1973 and 1972 respectively. The actual provisions for income tax expense are less than the amounts computed by application of a 48% rate for the following reasons:

	Percentage of Pretax Financial Statement Income	
	1973	1972
U.S. statutory corporate income tax rate if applied to pretax financial statement income	48.0%	48.0%
Effect of percentage depletion allowance	(15.8)	(19.2)
Non-taxable portion of dividends received from domestic corporations	(2.1)	(8.2)
Investment tax credit	(1.9)	(3.1)
Minimum tax on preference income	1.0	3.3
Undistributed net income of and dividends received from affiliates	8.4	7.4
Other	(1.7)	0.5
	35.9%	28.7%

Based on currently anticipated expenditures and operations it is expected that the deferred income tax balance will not be substantially reduced in the next three years.

Investment tax credits are recognized as a reduction in U.S. income taxes in the years in which the related assets are placed in service. The credits were $2,100,000 in 1973 and $1,500,000 in 1972.

7—Pension and Retirement Plans

The Corporation has several trusteed pension and retirement plans which are mainly noncontributory. Pension costs are determined annually by independent actuaries, are funded currently and include current service costs and provision for the amortization of prior service costs over periods not to exceed 30 years.

Total pension and retirement plan costs for 1973 were $4,230,000 ($4,011,000 in 1972). The actuarially computed values of vested benefits of certain plans exceeded the assets of the related pension funds at the latest valuation dates by approximately $8,599,000.

8—Audit Committee

An Audit Committee, comprised of three outside directors of the Corporation, meets at least twice yearly with representatives of the Controller's Department and with the Corporation's independent auditors. The Committee periodically reviews selected corporate accounting policies, procedures, internal controls and the scope and results of the auditors' examination of the financial statements. Current developments in financial and tax accounting areas, Securities and Exchange Commission proposals and regulations, and other government and private industry pronouncements are also reviewed with specific regard to their impact on the mining industry and the Corporation in particular. The Committee reports to the Board of Directors.

Notes to Financial Statements

Note A—Operations Outside North America

Approximately 17% of net current assets and 7% of total assets were applicable to companies operating outside the United States and Canada. Approximately 23% and 24% of Newmont's consolidated net income for the years 1973 and 1972 was attributable to such companies.

Note B—Capital Stock

Each share of the Series A, $4.50 Cumulative Convertible Preferred Stock is convertible into 3⅛ shares of Common Stock, and is callable for redemption in whole or in part at any time on or after January 1, 1974, on at least 30 days' notice at a price commencing with $104.50 a share on January 1, 1974, and declining annually thereafter by $0.50 to $100 a share on and after January 1, 1983. During 1973, 14,508 shares of the Preferred Stock were converted into 45,331 shares of Common Stock. At December 31, 1973, approximately 2,169,000 shares of Common Stock were reserved for conversions of Preferred Stock.

Common Stock outstanding at December 31, 1973 and 1972 has been reduced by 340,043 shares of treasury stock recorded at par value.

Note C—Purchase of Remaining 50% Interest in Atlantic Cement Company, Inc.

On June 28, 1973, the Corporation purchased for $38,500,000, in cash, the 50% interest in Atlantic held by another corporate stockholder. The purchase made Atlantic (a major U.S. producer of cement) a wholly-owned subsidiary of Newmont.

The Corporation has accounted for this acquisition by the purchase method of accounting. Prior to June 28, 1973, the Corporation accounted for its equity in the net income of Atlantic in the

Statement of Consolidated Income under the caption Equity in Income of Affiliated Companies. Subsequent to that date, the accounts of Atlantic have been included in the consolidated statements of Newmont. Newmont's 50% investment in Atlantic at December 31, 1972 of $35,123,000 was reported on the Consolidated Balance Sheet as an Investment, at Equity.

Atlantic's sales and net income for the years 1973 and 1972 are summarized as follows:

	1973	1972
Sales less discounts and allowances	$47,359,000	$38,202,000
Net income	$ 7,071,000	$ 5,427,000

Newmont's cost for this acquisition exceeded its equity in the underlying net assets by $2,298,000 and will be amortized by charges to income over ten years.

Note D—Long-Term Debt

Long-term debt consisted of the following at December 31, 1973:

NEWMONT:	
Notes payable, prime rate to December, 1974, 1/4 of 1% above prime to December, 1977, thereafter 1/2 of 1% above prime, payable 1978 to 1982	$ 48,000,000
7 3/4% notes payable 1978 to 1984	50,000,000
6% notes payable to 1981	12,000,000
Serial notes payable $1,017,500 annually 1974 to 1979, $5,698,000 note payable 1977, net of unamortized debt discount of $1,526,000 (an effective interest rate of 5.25%)	10,552,000
Other	1,806,000
	122,358,000
SUBSIDIARIES (not guaranteed by Newmont):	
Magma Copper Company	
Notes payable 1/4 of 1% above prime rate, payable 1974 to 1979	13,750,000
5 1/2% notes payable 1974 to 1978	15,000,000
7 1/4% note payable 1980	15,000,000
Air pollution bonds payable 3.675% ± 50% of difference between prime rate and 5%, payable 1974 to 1982	24,000,000
	67,750,000
Similkameen Mining Company Limited 6% notes payable 1978 to 1982	6,582,000
Notes payable, 1/2 of 1% above prime for Canadian banks, payable 1974 to 1982	33,340,000
	39,922,000
Other subsidiaries	1,311,000
Total	231,341,000
Less: current installments	13,261,000
	$218,080,000

Maturities for the long-term portion of debt are as follows:

1975	$ 16,253,000
1976	15,755,000
1977	20,558,000
1978	24,109,000
1979-1984	141,405,000
	$218,080,000

During the year, long-term debt, including current installments, decreased by $25,298,000. This decrease is the net result of reductions arising from scheduled principal payments of $19,506,000 pursuant to the terms of loan agreements and accelerated principal payments of $26,492,000 not required under loan agreements which offset increases in borrowings of $20,700,000 resulting primarily from the air pollution bond financing arranged in 1972.

The Corporation has a Revolving Credit Agreement with several major commercial banks which was reduced from $100,000,000 to $80,000,000 during the year. In connection with the Agreement, an informal arrangement has been made to maintain certain compensating cash balances on deposit with such banks. These balances are not legally restricted as to their withdrawal and include amounts considered by the Corporation to be minimum cash operating balances which would be maintained with these banks in the absence of such an understanding. At December 31, 1973, the Company had borrowed $48,000,000 and maintained compensating cash balances of $9,600,000. The unused portion of the commitment under this agreement amounts to $32,000,000, for which the Corporation pays a commitment fee of 1/2% per annum.

Under the most restrictive borrowing agreement of the Corporation, the payment of cash dividends on Common Stock is limited to 80% of consolidated net income (as defined) subsequent to January 1, 1972 plus $30,000,000. At December 31, 1973, $89,775,000 of retained earnings of $421,309,000 was restricted under the aforementioned covenant.

Note E—Employee Stock Option and Stock Purchase Plans

Pursuant to the Corporation's Stock Option Plan adopted in 1966, options to purchase shares of Common Stock were granted to key employees at exercise prices not less than the fair market value of such shares on the dates of grant. Each option is exercisable over a five-year period subject to certain restrictions. A summary of shares under option granted pursuant to the 1966 Plan is shown below for 1973:

Shares under option, at beginning of year	92,250
Shares for which options were exercised in 1973, average price $26.25 per share	(41,435)
Shares for which options expired in 1973	(7,240)
Shares under option at end of year, average price $29.65 per share (all exercisable in 1974)	43,575

At December 31, 1973, 7,587 shares remained available for future grants of options under the 1966 Plan.

On May 7, 1973, the stockholders of the Corporation adopted the 1973 Key Employee Stock Option Plan and the 1973 Employee Stock Purchase Plan.

Pursuant to the 1973 Key Employee Stock Option Plan, 300,000 shares of Common Stock have been reserved for options which may be granted to key employees at exercise prices not less than the fair market values of such shares on the dates of grant. The options are subject to certain restrictions and are exercisable over five or ten year periods. Shares optioned in 1973 totaled 51,500 at an average purchase price of $25.98. No options issued under this plan became exercisable in 1973 or will become exercisable in 1974. At December 31, 1973, 248,500 shares remained available for future grants of options under the Plan.

Pursuant to the 1973 Employee Stock Purchase Plan, 60,000 shares of Common Stock have been reserved for purchase by eligible employees. The Plan provides that the purchase price per share of Common Stock will be 100% of its average market price on the offering date, but not more than 100% of the average market price on the last business day of the purchase period and not less than the stockholders' equity per share as reported to stockholders for the year end immediately preceding the offering date. In 1973, employees elected to purchase 2,927 shares.

Note F—Extraordinary Items

The 1972 extraordinary charges resulted from the following two decisions.

Foote Mineral Company elected to discontinue certain marginal operations and to dispose of related facilities. The effect to Newmont, based on its equity ownership of 32.8%, was an extraordinary charge of $2,210,000.

Sherritt Gordon Mines Limited reevaluated and significantly reduced its estimate of the economic ore reserves to be recovered at Lynn Lake, Canada. The effect to Newmont, based on its equity ownership of 39.7%, was an extraordinary charge of $1,089,000.

Note G—Commitments and Contingencies

The Corporation's wholly-owned subsidiary, Magma Copper Company, is committed, under present Arizona regulations, to a pollution control program. It is estimated by Magma that $16,300,000 will be expended during 1974 and 1975 to complete the program.

Auditors' Report

To the Board of Directors and Stockholders of Newmont Mining Corporation:

We have examined the consolidated balance sheet of Newmont Mining Corporation (a Delaware corporation) and subsidiaries as of December 31, 1973 and 1972, and the related statements of consolidated income, retained earnings and changes in financial position for the years then ended and the schedule of investments at cost in companies owned less than 20% as of December 31, 1973. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of O'okiep Copper Company Limited, a consolidated subsidiary, and the affiliated companies (other than Bethlehem Copper Corporation Ltd.) reflected in the accompanying financial statements using the equity method of accounting. Newmont's share of the net income of such subsidiary and affiliated companies, as reflected in their financial statements, constitutes 42% and 34% of Newmont's consolidated net income in 1973 and 1972, respectively. These financial statements were examined by other auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for such companies, is based solely on the reports of the other auditors.

In our opinion, based upon our examination and the reports of other auditors, the accompanying financial statements present fairly the financial position of Newmont Mining Corporation and subsidiaries as of December 31, 1973 and 1972, and the results of their operations and the changes in their financial position for the years then ended, and the schedule of investments at cost in companies owned less than 20% presents fairly the information set forth therein, all in conformity with generally accepted accounting principles consistently applied during the periods.

New York, N. Y.,
February 22, 1974.

ARTHUR ANDERSEN & CO.

Eight Year Summary (000's omitted)

	1973	1972	1971	1970	1969	1968	1967	1966
Gross Income:								
Metal sales and other operating revenue	$427,780	$272,279	$197,460	$214,753	$196,989	$154,149	$145,813	$200,815
Dividends, interest and other income	11,894	9,069	11,241	14,432	17,628	15,216	18,289	16,902
Equity in income of affiliated companies	38,949	16,295	18,576	28,809	20,873	15,890	13,471	15,608
Net gain on sales of securities (on an identified cost basis)	3,400	4,097	13,037	6,290	6,759	6,775	10,012	11,153
	482,023	301,740	240,314	264,284	242,249	192,030	187,585	244,478
Costs and Expenses:								
Operating costs and expenses	276,774	201,375	146,235	119,756	114,486	93,046	86,952	106,860
Depreciation and depletion	20,056	15,316	11,553	9,155	8,729	9,370	9,150	8,257
Exploration and research	15,910	8,871	7,064	8,244	7,445	5,668	5,944	3,630
Interest expense	18,825	11,712	4,579	2,493	2,310	2,114	1,447	1,990
Income taxes (current and deferred)	40,072	13,836	13,333	36,901	33,782	24,533	25,470	37,884
Minority interest	7,010	2,552	3,445	7,521	7,397	7,963	6,879	12,078
	378,647	253,662	186,209	184,070	174,149	142,694	135,842	170,699
Income before extraordinary items	103,376	48,078	54,105	80,214	68,100	49,336	51,743	73,779
Extraordinary items	—	(3,299)	—	—	—	—	—	—
Net income	103,376	44,779	54,105	80,214	68,100	49,336	51,743	73,779
Preferred stock dividends	3,181	3,189	3,202	3,234	3,259	3,362	3,500	4,043
Net income applicable to common stock	$100,195	$ 41,590	$ 50,903	$ 76,980	$ 64,841	$ 45,974	$ 48,243	$ 69,736
Cash Dividends Paid on common stock	$ 27,289	$ 25,089	$ 25,016	$ 24,953	$ 24,920	$ 22,765	$ 20,667	$ 16,944
Average Shares of Common Stock Outstanding	24,140	24,120	24,030	23,989	23,954	23,680	23,407	22,385
Per Share of Common Stock								
Income before extraordinary items	$ 4.15	$ 1.86	$ 2.12	$ 3.21	$ 2.71	$ 1.94	$ 2.06	$ 3.12
Extraordinary items	—	(0.14)	—	—	—	—	—	—
Net income	$ 4.15	$ 1.72	$ 2.12	$ 3.21	$ 2.71	$ 1.94	$ 2.06	$ 3.12
Cash dividends	$ 1.13	$ 1.04	$ 1.04	$ 1.04	$ 1.04	$ 0.96	$ 0.88	$ 0.75
Stock dividends	—	—	—	—	2½ for 1 split	—	—	10%
Expenditures for Property, Plant and Mine Development	$ 45,456	$ 44,104	$129,056	$135,275	$ 56,966	$ 58,147	$ 29,379	$ 13,245
Stockholders' Equity	$564,361	$490,368	$473,392	$446,895	$394,708	$354,072	$323,578	$310,688

Newmont Mining Corporation

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